

Channel TSOs proposal for a methodology for splitting long-term cross-zonal capacity in accordance with Article 16 of the Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a Guideline on Forward Capacity Allocation

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WHEREAS

- (1) This document (hereafter referred to as “Splitting Rules Methodology”) is a common proposal developed by all Transmission System Operators (hereafter referred to as “TSOs”) within the Channel Capacity Calculation Region (hereinafter referred to as the Channel Region), as defined in accordance with Article 15 of Regulation (EU) 2015/1222 establishing a guideline on capacity allocation and congestion management (the “CACM Regulation”), regarding the proposal for a methodology for splitting long-term cross-zonal capacity. This proposal is required by Article 16 of Regulation (EU) 2016/1719 establishing a guideline on forward capacity allocation which entered into force on 26 September 2016 (herein referred to as the “FCA Regulation”).
- (2) In accordance with Article 16(1), the common proposal for the Splitting Rules methodology should be developed no later than the submission of the capacity calculation methodology referred to in Article 10 of the FCA Regulation.
- (3) In accordance with Article 16(1) the Splitting Rules Methodology shall propose a methodology for splitting long-term cross-zonal capacity in a coordinated manner between different long-term time frames within the respective region.
- (4) The common proposal for the Splitting Rules Methodology shall be subject to consultation in accordance with Article 6 of the FCA Regulation, and subject to approval by all regulatory authorities of the Channel Region in accordance with Article 4 of the FCA Regulation.
- (5) This Splitting Rules Methodology shall fulfil the conditions set out in Article 16(2) of the FCA Regulation:
 - a. It shall meet the hedging needs of market participants;
 - b. It shall be coherent with the capacity calculation methodology;
 - c. It shall not lead to restrictions in competition, in particular for access to long-term transmission rights.
- (6) This Splitting Rules Methodology should contribute to and not in any way hinder the achievement of the aims of Article 3 of the FCA Regulation. This Splitting Rules Methodology:
 - a. promotes effective long-term cross-zonal trade with long-term cross-zonal hedging opportunities for market participants by allowing flexibility in the splitting of long-term capacity to account for market requirements;
 - b. does not hinder the optimisation of the calculation and allocation of long-term cross-zonal capacity, since the Splitting Rules shall follow the capacity calculation and account for market requirements;
 - c. provides non-discriminatory access to long-term cross-zonal capacity by providing a mix of product periods via the use of maximum and minimum splits;
 - d. ensures fair and non-discriminatory treatment of TSOs, the Agency, regulatory authorities and market participants by applying the same common principles on all Bidding Zone Borders within the Channel Region, and by applying the same range of parameters on all interconnectors within each Bidding Zone Border;
 - e. respects the need for a fair and orderly forward capacity allocation and orderly price formation;
 - f. ensures and enhances the transparency and reliability of information on forward capacity allocation through requiring publication of relevant information and, where necessary and beneficial, supporting materials;
 - g. contributes to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union, by meeting the conditions of Article 16(2) of the FCA Regulation and providing the flexibility for market requirements to be addressed over the long-term without increasing administrative burden.
- (7) This Splitting Rules Methodology shall apply to all capacity made available for allocation within the requirements in Directive 2009/72/EC, Article 32 relating to Third-party access, which are therefore made available for allocation under the conditions in the FCA Regulation.

SUBMIT THE FOLLOWING CHANNEL SPLITTING RULES METHODOLOGY PROPOSAL TO NATIONAL REGULATORY AUTHORITIES OF THE CHANNEL REGION

GENERAL PROVISIONS

Article 1

Subject matter and scope

1. As required under Article 16 of the FCA Regulation, each TSO, in coordination with all the other TSOs in the capacity calculation region, shall develop a proposal for the splitting of long-term cross-zonal capacity in a coordinated manner between different long-term time frames within the respective region.
2. This Splitting Rules Methodology is the common proposal of all TSOs of the Channel Region in accordance with Article 16 of the FCA Regulation.

Article 2

Definitions

1. For this proposal, the definitions in Article 2 of the FCA Regulation and Article 2 of the Harmonised Allocation Rules ("HAR") shall apply.
2. In addition, the following definitions shall apply:
 - 2.1. 'Interconnector' shall have the meaning given in Regulation (EC) 714/2009. Multiple Interconnectors can exist on a Bidding Zone Border.
 - 2.2. 'Maximum Long-Term Quantity' shall mean the maximum percentage of Nominal Capacity that can be split by this Splitting Rules Methodology, as stated in Annex 1.
 - 2.3. 'Minimum Long-Term Quantity' shall mean the sum of the Minimum % of each Long-Term timeframe, as stated in Annex 1.
 - 2.4. 'Responsible TSO(s)' shall mean the Channel Region TSO(s) responsible for the allocation of the cross-zonal capacity of that Interconnector.
 - 2.5. 'Splitting Ranges' shall mean the maximum and minimum percentage of an Interconnector's Nominal Capacity that shall be made available for allocation in each Long-Term timeframe, or group of Long-Term timeframes, for each Interconnector.
 - 2.6. 'Capacity Split' shall mean the specific volumes being made available by the Responsible TSO(s) for allocation on the concerned Interconnector in each long-term timeframe.
 - 2.7. 'Nominal Capacity' shall mean the 'maximum HVDC active Power transmission capability' as defined in Commission Regulation (EU) 2016/1447 and taking account of the losses of the Interconnector.

SPLIT OF LONG-TERM CAPACITY

Article 4

Splitting Ranges

1. The Splitting Ranges shall be harmonised across all Interconnectors in the Channel Region.
2. The same Splitting Range shall apply to both directions of capacity.
3. Long-Term timeframes with a shorter delivery duration than Monthly shall be grouped into a single Splitting Range for those timeframes.
4. The sum of the Capacity Split that can be offered for allocation on an Interconnector shall not be more than the Maximum Long-Term Quantity, defined as a percentage of Nominal Capacity. This Maximum Long-Term Quantity shall apply to each Interconnector in the Channel Region, as detailed in Annex 1 of this Splitting Rules Methodology (excluding planned and unplanned outage periods).
5. The Responsible TSO(s) can offer for allocation less than the minimum % range identified in Annex 1 in the following situations:
 - 5.1. Capacity cannot be offered for allocation due to the Long-Term Capacity Calculation result being less than the Minimum Long-Term Quantity.

- 5.2. Capacity is not offered for allocation due to an outage that lasts the duration of the timeframe concerned.
- 5.3. An Interconnector has been unavailable for an extended period of time during the calendar year or is yet to begin operations.

Article 5

Capacity Split Principles

1. The Capacity Split shall contain volumes determined for each Long-Term timeframe, or group of timeframes, related to each Interconnector, for a period of a whole calendar year (or part thereof).
2. The Capacity Split for each Interconnector shall:
 - 2.1. Be determined independently for each direction;
 - 2.2. Respect the Splitting Ranges;
 - 2.3. Respect the Minimum Long-Term Quantity and Maximum Long-Term Quantity, except in the situations detailed in Article 4; and
 - 2.4. Be determined solely by the Responsible TSO(s) relating to the Interconnector in question.
3. The Capacity Split shall be determined by the Responsible TSO(s) by conducting analysis based on factors such as historic allocation results and prices, forward energy curves, energy and fuel price forecasts, planned market evolutions, new technologies and direct feedback from market parties.

Article 6

Capacity Split Assessment Process

1. Provisional version of the Capacity Split:
 - 1.1. The Responsible TSO(s) for each Interconnector shall determine a provisional version of the Capacity Split, at least each year, in accordance with the terms of Article 5, based on the Nominal Capacity.
 - 1.2. The Responsible TSO(s) shall publish the provisional version of the Capacity Split in accordance with Article 7.
2. Following the first Annual Long-Term Capacity Calculation:
 - 2.1. The Responsible TSO(s) for each Interconnector may amend the Capacity Split to ensure that future allocations can fulfil this Splitting Rules Methodology and meet the requirements of market parties, in accordance with the terms of Article 5, based on the result of the Long-Term Capacity Calculation.
 - 2.2. The Responsible TSO(s) shall then publish a Capacity Split in accordance with Article 7.
3. At any time, including following each subsequent Long-Term Capacity Calculation:
 - 3.1. The Responsible TSO(s) may reassess the Capacity Split to ensure that future allocations can fulfil this Splitting Rules Methodology and meet the requirements of market parties, in accordance with the terms of Article 5.
 - 3.2. The Responsible TSO(s) may amend the Capacity Split and publish in accordance with Article 7.

Article 7

Publishing of the Capacity Split

1. The provisional version of the Capacity Split for each delivery year and the Nominal Capacity shall be published by the Responsible TSO(s) of each Interconnector on the website of the Allocation Platform at the same time as the provisional Auction calendar pursuant to the HAR.
2. The Capacity Split shall be published by the Responsible TSO(s) of each Interconnector on the website of the Allocation Platform:
 - 2.1. Before the first allocation of capacity relating to that delivery year, following the Long-Term Capacity Calculation; and

- 2.2. Following each revision of the Capacity Split in accordance with Article 6 of this Splitting Rules Methodology.

FINAL PROVISIONS

Article 8

Implementation

1. Implementation of this Splitting Rules Methodology shall be aligned to the implementation of the methodology required by Article 10 of the FCA Regulation for each Interconnector starting with the first calendar year for which no Long-Term allocation has yet taken place.

Article 9

Language

1. The reference language for this Splitting Rules Methodology shall be English. For the avoidance of doubt, where TSOs need to translate this Splitting Rules Methodology into their national language(s), in the event of inconsistencies between the English version published by TSOs in accordance with Article 4 (13) of the FCA Regulation and any version in another language the relevant TSOs shall, in accordance with national legislation, provide the relevant national regulatory authorities with an updated translation of the Splitting Rules Methodology.

ANNEX 1

Splitting Ranges

The following ranges shall apply to each Interconnector on all Channel Region Bidding Zone Borders in both directions.

Timeframe	Min % of Nominal Capacity	Max % of Nominal Capacity
Annual	5%	85%
Seasonal	0%	80%
Quarterly	0%	80%
Monthly	5%	85%
Sum of all Long-Term timeframes shorter than Monthly	0%	80%

The Maximum Long-Term Quantity shall not be more than 90% of Nominal Capacity for each Interconnector on all Channel Region Bidding Zone Borders.

The Minimum Long-Term Quantity shall be 10% of Nominal Capacity for each Interconnector on all Channel Region Bidding Zone Borders.